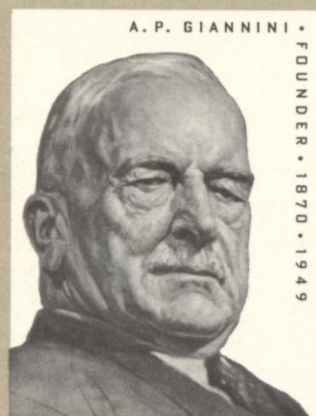


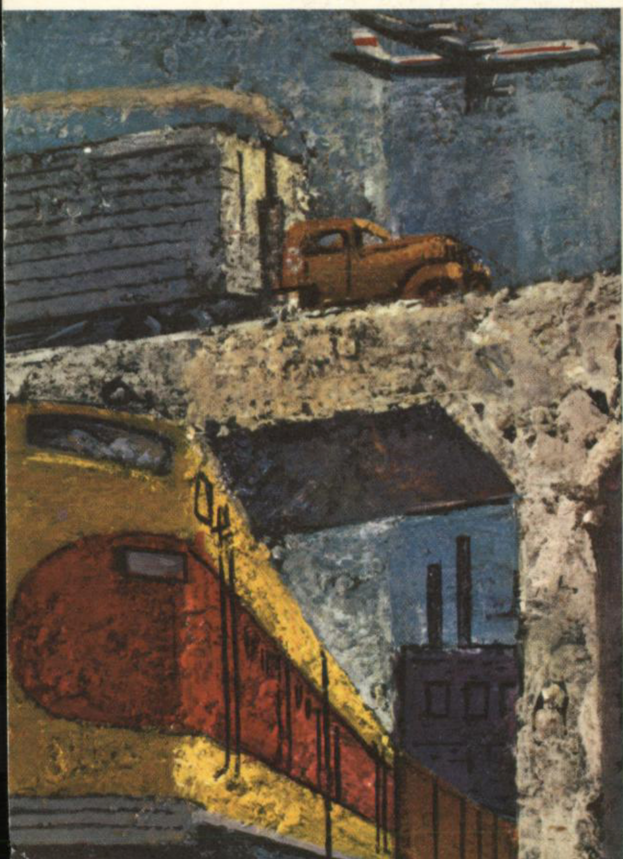
Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Annual Report 1958

A. P. GIANNINI:

"As we are able to serve, so in direct ratio will we prosper. This must be the underlying cornerstone of our banking philosophy. We must leave nothing undone that will contribute to our capacity to serve the nation, and by promoting worthy enterprises, we will promote the welfare of all of the people."



SERVING

THE NATION'S BUSINESS

From steel to cotton, transportation to automation, Bank of America
takes an active part in financing commerce and industry—
in every part of the nation, in every part of the world.
To illustrate this important aspect of your bank's operations,
this report pictures some of the industries in whose growth
we have been privileged to share . . .

Highlights of the Year's Operations

	Compared with Previous Year 1958	1957
Operating Earnings	$ 446,289,978	$ 412,558,288
Operating Expenses (including applicable taxes and assessments)	$ 369,271,153	$ 340,583,337
Net Operating Earnings	$ 77,018,825	$ 71,974,951
Per Share	$ 3.01	$ 2.81
Taxes and Assessments applicable to Operations	$ 81,569,234	$ 78,917,012
Per Share	$ 3.19	$ 3.08
Dividends Paid	$ 46,080,000	$ 46,080,000
AT YEAR-END:		
Loans	$ 5,661,888,351	$ 5,554,784,021
Deposits	$10,307,560,993	$ 9,524,116,723
Total Resources	$11,290,852,752	$10,639,149,591
Capital Funds and Reserve for Possible Loan Losses	$ 711,308,508	$ 673,947,622
Shares Outstanding	25,600,000	25,600,000
Number of Deposit Accounts	7,175,000*	6,916,240
Domestic and Overseas Branches	647	626

**Preliminary*





Memorandum to Our Stockholders

The year 1958 was another year of progress for your bank, one during which we built solidly so that we could capitalize on the opportunities tomorrow will bring.

Resources, deposits and earnings reached the highest levels in our 54-year history. Summarized in rounded figures, these were the highlights of the year:

- Resources passed the eleven billion dollar mark to set a new record high in banking.
- Deposits grew more than two million dollars a day to exceed the ten billion dollar mark.
- Loans outstanding moved toward the six billion dollar mark.
- The accounts of our depositors passed seven million in number. We are proud to be able to say that more people do business with us than with any other bank in the world.

Net operating earnings were $3.01 a share, reflecting our continual emphasis upon expanding existing useful services, developing new dimensions of banking service, and effecting operating economies.

In the pages that follow, you will find a detailed review of the year's activities. Underlying the statistical records and descriptions of the year's work are these factors—the confidence of our stockholders, the cooperation of our employes, and the loyalty of our customers.

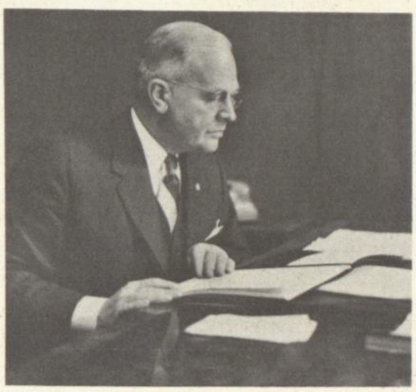
From this record of progress in the past, we look forward with assurance to the promise of the future.

S. C. Beise

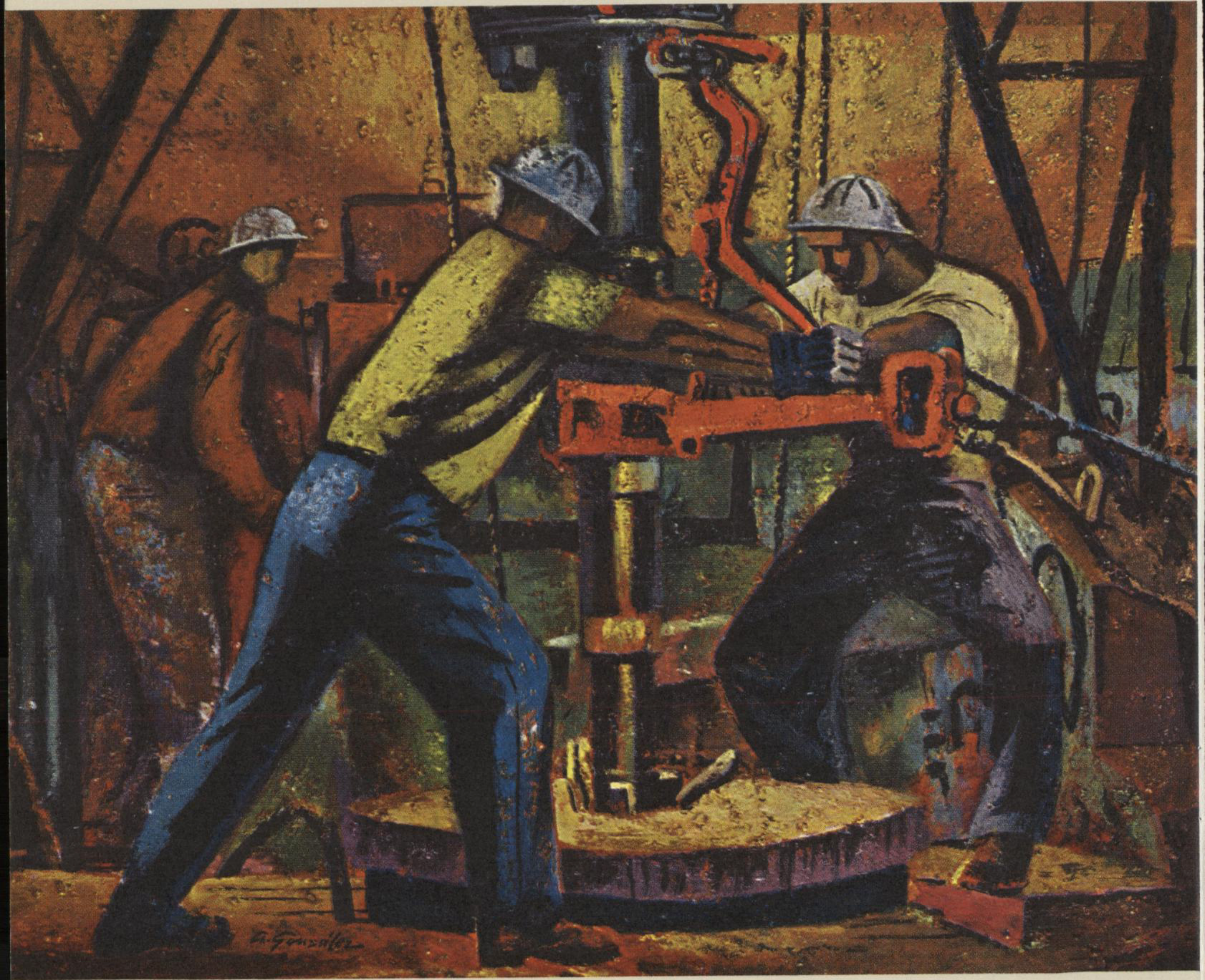
S. CLARK BEISE, *President*

Jesse W. Tapp

JESSE W. TAPP, *Chairman*



Report to



Partner in petroleum . . . Through financing, Bank of America plays an essential role in the development of petroleum products from oil field to refinery to market.

Our Stockholders 1958

The year 1958 offered the most challenging economic environment of recent years. The national economy experienced in quick succession the most severe recession and the most dramatic recovery of the postwar era.

Early 1958 saw a drop in the nation's total output, as the most drastic inventory liquidation on record was accompanied by reductions of 20 per cent in automobile sales and 12 per cent in plant and equipment expenditures.

The nation's total output dipped to a $426 billion annual rate for the January-March quarter before the economy's recuperative powers reasserted themselves, pushing output to a new peak by year-end and to an average of $437 billion for the year as a whole.

The strongest element in the dramatic recovery was the willingness, and ability, of consumers to increase their spending in the face of strong depressive forces. Mainly because the problem of overcapacity still confronts some industries, business spending on fixed investment remained weak throughout the recovery period. However, the bulk of the decline occurred in inventories, and, consequently, when spending in that sector stabilized, the stage was set for a strong recovery.

The year saw increases in farm income, highway spending, social security payments and Federal payrolls. Consumer spending on automobiles and other durable goods increased only slightly; in fact, auto production of 4.2 million units in the 1958 model year did no more than match the industry's scrappage rate. Another major item of consumer expenditure, housing, staged a remarkable recovery. By late fall, builders reached a 1.3 million annual rate of housing starts—the same average maintained in booming 1955.

California—the principal area of Bank of America's operations—continued to outperform the rest of the nation impressively. In general, economic activity in California held up well throughout the recession and later staged a strong advance, with the result that the state's personal income in 1958 exceeded $36 billion.

Although unemployment rose rapidly to a rate almost as high as that reached elsewhere in the nation, total employment in California remained at the average level of 5.6 million first reached in 1957. This was a strong performance in view of the 15 per cent decline in employment in the state's pacesetting aircraft industry, and in light of continued in-migration.

In the latter part of the year, vitality became strongly apparent in three key sectors, weak six months to a year previously. The aircraft-electronics sector, in early fall, began to recover some of its earlier losses in employment and payrolls, responding to rapid increases in demand for missiles and civilian jet transports.

Construction was held back by weather and economic conditions in the early months of the year, but a full-sized boom in residential construction then developed in California as in the rest of the nation, and for the same reasons of improved incomes and financing capabilities.

A third key sector, agriculture, participated strongly in the nationwide farm recovery. For instance, high prices prevailed everywhere in the livestock industry. High prices also helped to compensate for the reduced output of fruit and vegetable growers, and a bumper crop was harvested in the state's cottonfields.

This, then, was the economic backdrop for our activities during the year 1958.

Comparative Summary of Earnings

	1958		1957	
Operating Earnings:				
Interest on loans	$299,982,330		$284,774,712	
Interest and dividends on securities, after amortization of premiums	74,447,010		61,301,006	
Commissions, fees and other income	71,860,638		66,482,570	
		$446,289,978		$412,558,288
Operating Expenses:				
Interest paid	$131,391,587		$115,008,866	
Salaries (including employes' bonus and participation in profit-sharing plan amounting to $5,951,461 in 1958 and $5,702,937 in 1957)	106,772,233		101,724,447	
Provision for taxes and assessments applicable to operations	81,569,234		78,917,012	
Other operating expenses	49,538,099		44,933,012	
		369,271,153		340,583,337
Net Operating Earnings		$ 77,018,825		$ 71,974,951
Profit (or loss) on securities transactions, after Federal tax		1,478,777		844,269
		$ 78,497,602		$ 72,819,220
Transfers to reserves, after Federal tax reduction resulting therefrom		7,902,000		6,585,000
		$ 70,595,602		$ 66,234,220
Dividends Paid		46,080,000		46,080,000
Addition to Capital Funds		$ 24,515,602		$ 20,154,220

Earnings Strength Shown

Our earnings, showing one of the largest per share gains in recent history, demonstrated the strength inherent in our policy of constructively employing all available funds.

Total operating earnings were $446,289,978, up $33,731,690, a gain of 8.2 per cent over the previous year. The major portion of these earnings was derived from interest of $299,982,330 on loans. Interest and dividends on securities, after amortization of premiums, amounted to $74,447,010. Commissions, fees and other income amounted to $71,860,638.

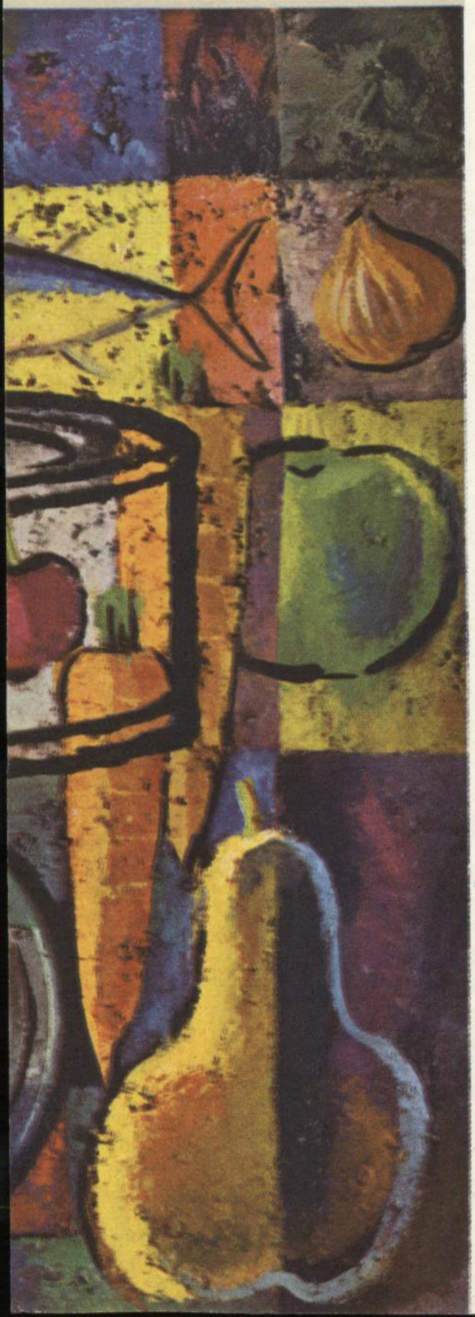
Operating expenses of $369,271,153 included the payment of interest amounting to $131,391,587 and salaries and other operating expenses totaling $156,310,332.

The impact of taxes and assessments applicable to operations, at $81,569,234, can be demonstrated by the fact that they amounted to $3.19 per share and constituted a major burden on our earnings.

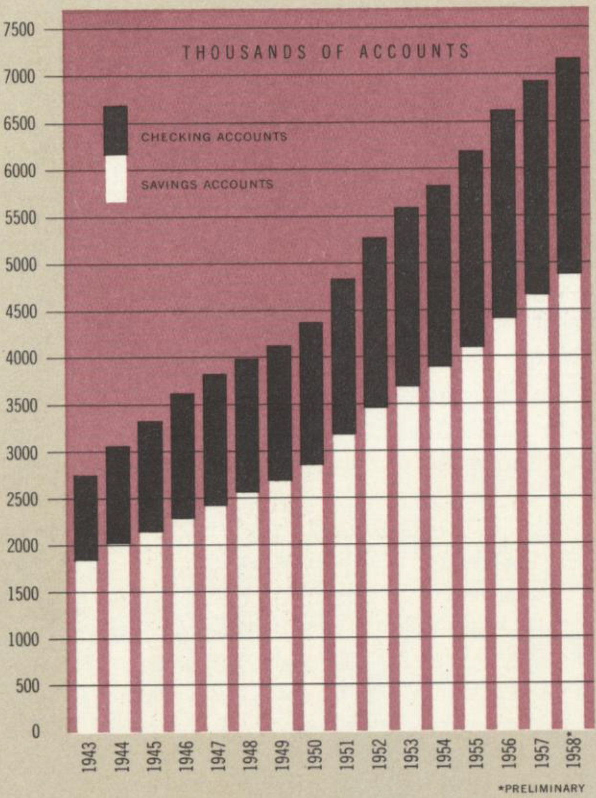
Net operating earnings were $77,018,825, as compared with the previous year's $71,974,951 figure. On a per share basis, this amounted to $3.01 as compared with $2.81 in 1957. Net profit on securities transactions amounted to $1,478,777, and transfer of $15,000,000 to the Reserve for Possible Loan Losses resulted in an after-tax charge to earnings of $7,902,000. Payment of $46,080,000 to our stockholders in dividends left $24,515,602 as the balance of earnings and profits. These retained earnings, used to support our expansion, were added to Capital Funds, increasing these funds from $583,021,221 to $607,536,823, more than double what they were ten years ago.

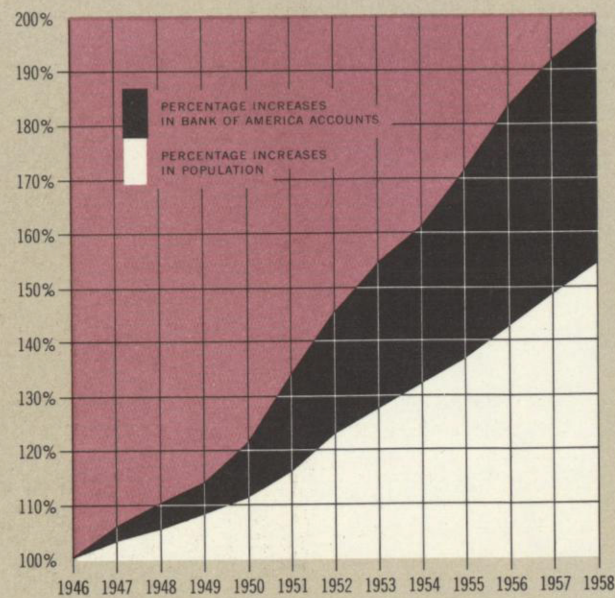
From seed
to sale . . .

For many years, Bank of America has been a leader in every phase of agricultural development—and is today a major factor in crop production loans and the financing of food processors.



Number of Deposit Accounts





At year-end, Surplus was increased $50,000,000 by transfer from Undivided Profits and stands at $340,-000,000. Capital Funds, combined with the Reserve for Possible Loan Losses of $103,771,685, total $711,-308,508.

Deposits Exceed Ten Billion Dollars

Highlighting the year was a growth of more than two million dollars a day in deposits, which increased $783,444,270 to total $10,307,560,993 at year-end.

Time deposits rose $598,288,906, the largest such increase in our history, and totaled $5,332,350,593 at the end of the year. Within this category savings deposits, earning an annual interest rate of three per cent, showed an increase of $344,838,000 during the year, comparing favorably with the $358,642,000 increase in 1957. This should be contrasted with the $6,297,000 decrease in savings deposits two years ago, at a time when we were paying two per cent interest.

Demand deposits, consisting primarily of checking accounts of individuals and businesses, increased $185,155,363 and totaled $4,975,210,399 at the end of the year.

In terms of numbers of deposit accounts, the highlight of the year was the continuance of the steady pattern of growth which saw our accounts pass the seven million mark.

Ten years ago, we had 395 deposit accounts for every 1,000 residents in California. Today, we have 486 deposit accounts for every 1,000 residents, once again indicating that these accounts are continuing to increase in number at a faster rate than the rise in population.

The availability of deposits to be used for loans or invested in securities is a vital factor in banking and we will continue our efforts to attract, and to keep, new, as well as old, depositors.

Balanced Loan Portfolio

Total loans and discounts at year-end were $5,661,-888,351 as compared with $5,554,784,021 a year ago. During the year we were able to continue our long-established policy of taking care of the sound credit requirements of our customers.

Commercial loans as of December 31 were $2,207,-696,000 up $44,598,000 from the previous year-end. These loans represent approximately 40 per cent of the bank's entire loan portfolio.

Loans of all types, to finance business, industry and agriculture, were made on a large scale during the year, although in somewhat lesser amounts for industrial plant expansion purposes than during the previous two years.

Using commercial credit in substantial volume were such industries as steel, shipping, oil, lumber, apparel, heavy construction, chemicals, transportation, missiles, electronics, utilities, and aircraft manufacturers. Special emphasis was placed upon extending credit to small businesses.

The usual heavy volume of loans was made to finance agriculture. Including financing the movement of crops, food processing and carrying of seasonal inventories, this represents a very substantial portion of the bank's commercial loan activity.

Instalment credit loans as the year ended were $1,147,508,000, equal to 20 per cent of the bank's loan portfolio. During 1958 we made more than $3,-200,000,000 in such loans, but repayments totaled more than $3,250,000,000. As a result, the instalment credit portfolio declined four per cent from the all-time record high reached a year ago, a decline due primarily to the drop in automobile and household appliance sales during the year.

Activity in consumer financing and related fields is conducted under our nationally-known trademark—*TIMEPLAN*—and covers the entire scope of consumer lending. These loans fall into three major classes: instalment loans made directly to customers of the bank; financing of instalment sales through dealers in consumer goods such as automobiles, appliances, farm and industrial equipment, mobile homes, etc.; and, finally, financing the inventory requirements of these *TIMEPLAN* dealers.

Special efforts were made to stimulate direct loan activity through promotion and increased advertising and by the introduction of two new *TIMEPLAN* services, both of which were well-received.

The Employe Loan and Deposit Plan is a new banking service offered to California employers by which their employes can arrange for *TIMEPLAN* loans, as well as checking and savings accounts, without leaving their place of employment.

STUDYPLAN is a new program devised to budget the costs of education by means of a flexible, low-cost, completely life-insured financing agreement.

Real estate loans at year-end showed a total outstanding of $2,306,684,000, with that portion of these loans guaranteed or insured by agencies of the U. S. Government amounting to more than $1,330,000,000. During 1958, we added $605,000,000 to our real es-

tate loan portfolio, and mortgage repayments during the year totaled $489,000,000, making a net addition for the year of $116,000,000. Consisting primarily of home loans, with their regular monthly amortization programs, our real estate loans average $7,200 in size. Many of these new real estate loans reflected the strengthened interest rate structure, and our real estate loan portfolio holds promise of increased yields for the years ahead.

As in past years, we continued to be an important source of funds for the California building industry, financing the construction of many thousands of dwelling units as well as other types of buildings.

We also helped to supply the long-term mortgage money required by these building programs. This was done in two ways: by taking a substantial volume of mortgages into our own portfolio, and by assisting our builders in placing their mortgages with eastern investors, mostly banks and insurance companies.

In summary, our loans and discounts are broadly diversified and enable the greatest possible use of our funds.

Investment Portfolio Increased

The rise in deposits permitted an increase in our investment portfolio during the year when bond prices were falling and yields were rising to the highest points in recent years.

In the bank's U. S. Government securities portfolio, there was a gain in total holdings of $524,262,894, and an increase in interest income of $9,193,487.

At year-end, U. S. Government and U. S. Government-guaranteed securities totaled $2,398,143,579 and these included $636,907,704, maturing within one year. More than 80 per cent of this portfolio, or $1,-929,428,372, matures within five years.

As of December 31, 1958, the average maturity was three years and two months, unchanged from the preceding year-end.

The reoccurrence of tighter money conditions in the last half of 1958 coincided with the Treasury's greatly increased need for additional funds. Our participation, by purchase, in the resultant heavy issuance of short-term securities by the Government provided a means of maintaining an adequate secondary reserve.

Developments in state, county and municipal securities combined a moderate increase in investments with a slightly higher tax-exempt yield. At the close of the year, municipal bond holdings totaled $740,290,191, an increase of $125,065,697 for the year. The principal additions to the portfolio were one- and two-year prime municipal bonds, while funds received from maturing obligations were re-invested in one- to ten-year bonds.

The average tax-exempt yield of municipal holdings was 2.097 per cent at the year's end compared with 2.058 per cent as of the end of 1957. The average life of this investment account was estimated to be 75.1 months at the year's end compared with 88.0 months at the end of 1957. Net tax-exempt interest income totaled $15,294,858 for the year, an increase of $2,-732,092 over 1957.

Underwriting of municipal bonds continued to be an important activity of the Municipal Bond Department. The total new municipal bond financing by the State of California and its political subdivisions set a new all-time high figure of $1,078,571,135, comprising 620 issues. Of this amount, our bank headed syndicates which were successful in purchasing 269 issues totaling $733,291,000.

In summary, interest and dividends on the securities in our portfolio, after amortization of premiums, amounted to $74,447,010, an increase of $13,146,-004 over the previous year's figure of $61,301,006.

During the year, net profit on securities transactions amounted to $1,478,777. This does not include additional profits of $1,677,260 realized in conformity with income tax regulations in the exchange of matured Government securities for new issues, and which were credited directly to a valuation reserve applicable to Government securities and available to absorb possible future losses arising through such transactions.

At year-end, the entire portfolio stood at $3,417,-539,858. Compared with $2,742,530,348 for the previous year, this was a gain of $675,009,510.

Explanatory Note on the Statement of Condition

Appearing on the financial statement of the bank as of December 31, 1958, on pages 12 and 13, are the captions "Customers' Liability for Acceptances" and "Liability on Acceptances." Formerly included was the total of commercial and travelers letters of credit outstanding. The elimination of contra letter of credit information has been deemed appropriate in order that our statement may conform to the reports to the Comptroller of the Currency in this respect. At the end of the year, outstanding letter of credit balances aggregated $162,972,922.

Building with timber . . .

Timber to concrete, tacks to tarpaper—Bank of America financing extends through every stage of the construction industry, from the raw materials to the finished building.

Bank of

NATIONAL TRUST A SAVIN

Statement of Conditi

(Figures of Overseas Branches

RESOURCES

Cash and due from banks		$ 1,860,453,871.96
United States Government securities and securities guaranteed by the Government	$2,398,143,579.13	
Federal agency securities	124,372,037.99	
State, county, and municipal securities	740,290,190.72	
Other securities	139,734,050.16	
Stock in Federal Reserve Bank	15,000,000.00	
TOTAL SECURITIES		3,417,539,858.00
Loans guaranteed or insured by the United States Government or its agencies		1,382,149,369.30
Other loans to customers for use in their businesses, for building, buying, or modernizing their homes, for financing automobile or household equipment purchases, etc.		4,279,738,981.37
Interest due on bonds and loans, and accounts receivable		67,612,418.01
Customers' liability for acceptances		150,067,009.00
Bank buildings, furniture, fixtures, and safe deposit vaults, carried at cost less depreciation reserve of $43,595,184.81		130,696,396.48
Other real estate owned. Unoccupied bank premises, and real estate acquired in the settlement of debt, carried at less than cost or at appraised value		944,849.94
Other resources, deferred charges, etc.		1,649,997.66
TOTAL RESOURCES		$11,290,852,751.72

Member Federal Reserve System . . . Memb

Bank of America—New York

(INTERNATIONAL)

A wholly-owned subsidiary

Condensed Statement of Condition December 31, 1958

(Branch figures are as of December 24, 1958)

America

ASSOCIATION

on December 31, 1958

are as of December 24, 1958)

LIABILITIES

Capital. Representing the investment of over 200,000 stockholders of record	$ 160,000,000.00	
Surplus. Paid in by stockholders or accumulated from earnings	340,000,000.00	
Undivided profits. Profits accumulated and reinvested in the business	101,453,350.97	
Reserves. Set aside out of our accumulated profits by the Board of Directors, available as a reserve, in addition to Surplus and Undivided Profits, against normal contingencies	6,083,472.02	
TOTAL CAPITAL FUNDS		$ 607,536,822.99
Reserve for possible loan losses. To apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans		103,771,685.06
Demand deposits. Funds placed with the bank by individuals, corporations, firms, banks, United States and other Governments, and the State of California and political subdivisions thereof	$4,975,210,399.13	
Savings and time deposits. Funds placed with the bank in savings accounts or for extended periods of time by individuals, corporations, firms, banks, United States and other Governments, and the State of California and political subdivisions thereof	5,332,350,593.47	
TOTAL DEPOSITS		10,307,560,992.60
Liability on acceptances		152,985,857.84
Reserve for interest received in advance		71,978,556.97
Reserve for interest payable on time deposits and for taxes and other expenses		47,018,836.26
TOTAL LIABILITIES		$11,290,852,751.72

er Federal Deposit Insurance Corporation

RESOURCES

Cash and due from banks	$136,330,592.04
United States Government obligations, direct and fully guaranteed	13,646,792.97
Other securities	15,487,814.21
Loans and discounts	141,269,082.88
Accrued interest	1,053,910.83
Customers' liability for acceptances	26,056,780.50
Other resources	1,074,897.20
TOTAL RESOURCES	$334,919,870.63

LIABILITIES

Capital	$34,000,000.00	
Surplus	6,800,000.00	
Undivided profits	1,201,812.11	
TOTAL CAPITAL FUNDS		$ 42,001,812.11
Reserve for possible loan losses		2,630,002.42
Deposits		260,529,535.01
Liability on acceptances		27,575,309.75
Reserve for interest received in advance		564,277.83
Reserve for interest, taxes, etc.		1,618,933.51
TOTAL LIABILITIES		$334,919,870.63

Our International Activities Expand

The first quarter of 1958 saw world trade follow the noticeable decline begun during 1957. Fears of a more severe contraction did not materialize and, after continuing at generally lower levels, signs of upturn were beginning to appear as the year drew to an end.

Raw material production and manufacturing capacity continued to outrun demand in many fields but prices of some commodities firmed. Certain countries —chiefly industrial nations—registered export gains.

United States imports remained fairly stable, but, reflecting the slackening of industrial booms in Western Europe and Japan, United States exports decreased, especially in coal, petroleum products, steel scrap and non-ferrous metals. The impact of generally good harvests abroad made itself felt in this country through lessened disposal programs for surplus farm production.

Latin America reflected in varying degrees the sharp declines in the prices of certain non-ferrous metals and other commodities. The weakness in coffee prices resulted from the competition of African production.

Reduced commodity prices were also felt in the Far East, where the need to import food and to maintain development programs strained some already low foreign exchange reserves.

In the Near East, despite uncertain political conditions, oil and cotton shipments have resumed more normal patterns.

In Africa, imports reflected development activities and a greater purchasing power arising from increasingly important raw material exports. Expanded production of certain commodities such as coffee, tobacco and cotton was stimulated by the high prices resulting from price support programs in the United States and elsewhere.

In Europe, exports held up remarkably well, despite increased worldwide competition with regard to sales of machinery. In many cases, reductions in exports were accompanied by reductions in imports. For many countries the terms of trade proved favorable, and confidence in the increased strength of their currencies was reflected in the relaxation of various foreign exchange restrictions. The franc, on the other hand, was devaluated in order to help overcome the price disadvantage affecting French exports. Western Germany increased in importance as a supplier of capital to other nations, making many of these transactions through private channels guaranteed by the German Government.

Plans for the six-nation European Common Market are nearing implementation. A contemplated broader free trade area, covering 17 nations, had not made substantial headway as the year ended. There have also been discussions of similar type organizations for Latin America and the Arab countries of the Near East.

Investments of private United States capital abroad continue to increase, although at a slower rate than last year. Gold and foreign exchange reserves of certain countries, notably Germany, Great Britain, Italy and Japan, increased. Conversion of some foreign dollar holdings into gold caused a decline in U. S. gold holdings. Pressure to increase the price of gold continues to be brought by gold producing countries and by other countries holding inadequate foreign exchange reserves, but responsible monetary and banking authorities in this country, as well as governmental officials, remain firmly opposed to such a move.

With this as the economic background, the year saw significant progress in all areas of our bank's international activities and a commensurate increase in earnings from these activities.

Deposits showed substantial gains, as did the volume of credits, foreign exchange transactions, and documentary collections. Our relationships with foreign banks, governmental agencies, and international business firms continued to be excellent. The result—we are able to provide our customers with one of the largest and most complete international banking services in the world.

During the year, our own Bank of America Travelers Cheques continued to show healthy increases in sales, number of selling outlets and net profit. We have nearly 10,000 outlets in domestic and overseas areas and the market potential continues strong. We look forward to another productive year in promoting this important customer service.

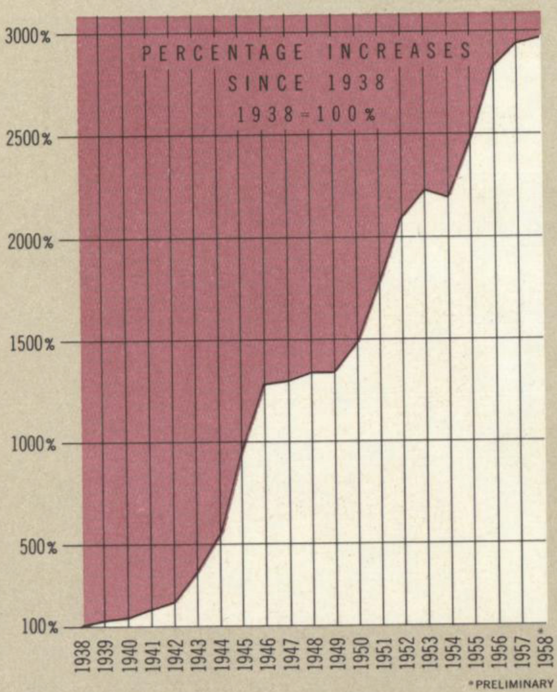
Reflecting patterns of growth as well as changing conditions, the international activities of Bank of America NT&SA and of our wholly-owned subsidiary, Bank of America (International), have been streamlined through departmental reorganizations.

The extensive overseas operations of Bank of America NT&SA are coordinated by our International Banking Administration, headquartered in San Francisco. To better serve our customers, we opened new international offices in San Francisco, relocated our Los Angeles international office in new quarters, and opened new Representative Offices in Buenos Aires, Argentina, and in Lisbon, Portugal, the latter designed to serve North and West Africa as well as Portugal itself.

Specialist in shipping . . .

Bank of America is first port of call to exporters and importers as well as leading shipping lines. Through our international organization, our services extend to every major center of world trade.

Annual Worldwide Sales of Bank of America Travelers Cheques



Bank of America (International), carries on its international banking activities from its home office in New York City, which office coordinates the activities of its present overseas branches in France, Germany, Guatemala, Lebanon and Singapore. Permission has been granted by the banking authorities for the establishment of a branch in Hong Kong, to be opened in 1959. A new branch is also expected to be opened in Kuala Lumpur after completion of necessary legal formalities with the Federation of Malaya.

In the Statement of Condition of Bank of America (International), under the asset category "Other Securities," is carried a controlling interest in Banca d'America e d'Italia, headquartered in Milan, and with 66 offices throughout Italy. Banca d'America e d'Italia continues to show expansion of its domestic and international operations and, during the year, opened additional offices in Genoa, Naples and Milan.

After taxes and after setting aside $975,588 in a special valuation reserve for overseas investments, net operating earnings of Bank of America (International) for the year were $1,212,157, the comparable figure for 1957 being $1,646,359. Net profit on securities transactions amounted to $244,414 during the year. In December, a $3.00 per share dividend of $1,020,000 was declared and paid on its 340,000 shares and $240,000, together with the resulting tax benefit, was used to augment the Reserve for Possible Loan Losses. The balance, $196,570, was added to Capital Funds. Included in the transfer of $975,588 was $565,588 in dividends, net after taxes, received from Banca d'America e d'Italia.

Banca d'America e d'Italia

Condensed Statement of Condition December 31, 1958

RESOURCES

Cash on hand and due from banks and correspondents	Lire	54,785,078,506
Cash and Government securities deposited with Banca d' Italia		30,906,313,908
Investment in government securities		9,564,544,291
Investment in other securities and participations		2,340,294,882
Bills discounted		23,375,109,506
Loans and advances		47,884,739,260
Bills held for collection		5,722,458,054
Customers' liability under acceptances, guarantees, documentary credits, etc.		19,864,278,317
Bank premises (Revalued in accordance with law)		2,021,652,073
Furniture and fixtures		1
Other assets		4,337,553,889
Assets of staff liquidation fund		3,597,634,733
TOTAL RESOURCES	Lire	204,399,657,420

LIABILITIES

Capital	Lire	1,300,000,000
Surplus		1,600,000,000
Undivided profits		839,507,257
Reserve arising from revaluation of bank premises		918,170,417
Deposits and other accounts		160,490,628,527
Acceptances, guarantees, documentary credits, etc.		19,864,278,317
Unearned discount		668,439,403
Bills received for collection		5,216,827,239
Other liabilities and provisions for future contingencies		9,363,381,087
Staff liquidation fund		3,597,634,733
Pension fund		540,790,440
TOTAL LIABILITIES	Lire	204,399,657,420

This is an unaudited balance sheet and in accordance with Italian banking practices is subject to the approval of the Board of Directors and Shareholders at the Annual Meeting in Milan in March of 1959.

On the assembly line . . .

From assembling new models to recapping used tires, Bank of America financing has assisted every phase of America's automobile industry.

Widened Trust Activities

Our Trust Department again set a new all-time high in terms of income received for trust services performed and volume of new business obtained.

In the employe benefit field, a large number of pension, profit-sharing, and thrift plans were established. An important feature of this type of trust is the substantial additions amounting to many millions of dollars annually, thereby continually increasing the size of the individual plans. The special mechanical and electronic facilities of our bank enable us to provide a better service to large and complicated plans. Included among such plans are those which result from joint union and employer negotiations.

Our pooled Investment Fund for Employe Benefit Plans, established in 1956, has more than doubled within the last year. There has also been a substantial increase in the number of Living Trusts, Testamentary Trusts, and Guardianships participating in our Common Trust Fund.

The Small Trust Program, now in its second year, has brought the value of Living Trust services to a large number of customers who were previously unaware of the special advantages of such trusts.

This year also saw the establishment of The California Foundation for Philanthropy, designed for management and investment of charitable gifts and bequests and providing the facilities of community foundations where not presently available in California. Funds placed in The Foundation can be earmarked for a special purpose or can be received without such designation, and are either applied in accordance with

the directions of the donor, or as in the judgment of the Distribution Committee will achieve maximum effectiveness. By outright gifts, establishment of living trusts, or provisions under wills, anyone can have his charitable donations managed by The California Foundation for Philanthropy.

Increased emphasis was placed upon development of real estate escrow business, particularly in Southern California, and there was substantial growth in other specialized trust services. Our electronic data processing facilities were made available to mutual funds for handling their dividend reinvestment and periodic payment plans. Many corporations utilized our services as stock transfer or co-transfer agent for their shares, and others, including a large number of local governmental units, made use of our paying agency facilities for their bonds and debentures.

In summary, the Trust Department demonstrated again its inherent capacity for continued profitable growth.

Branches Emphasize Customer Convenience

To keep pace with the rapid growth of California, we make a continuing review of all areas throughout the state to determine potential locations for new branches, investigating the economic composition of a community and determining its potential for future development. The results of these investigations are then converted into an estimate of the banking business which may be obtained through the establishment of a new branch. This year, for example, we opened 21 new branches, increasing our total number of branches in California to 638. Looking to the future, we acquired by purchase or lease some 41 new property sites.

Using similar techniques, forecasts of growth are developed for existing branches and are used in determining the need for their relocation and enlargement. This year, we constructed 28 new buildings to relocate branches in better locations with expanded facilities, and completed 36 major expansion and modernization projects as well as placing in operation 10 new or increased customer parking areas.

At Eureka, in May of this year, we established our first Motor Annex. Other such motor annexes are under construction or on the drawing boards, and offer supplemental facilities to those of a nearby branch, providing deposit and withdrawal facilities at both drive-in windows and walk-up windows immediately adjacent to parking areas.

1958 saw the completion of a five-story structure in Los Angeles for the Los Angeles Central Office, and the start of a major construction project in San Francisco of a similar building of eight stories to be known as Bank of America Service Center. These buildings will house many of the bank's administrative and branch service departments, and through this centralization, we will be able to effect greater efficiency of operation with resultant economies.

On October 7, 1958, the ground-breaking ceremony was held for the start of construction in Sacramento of a three-story building with two-level motor banking and parking facilities. This relocation and expansion of the Sacramento Main Office will provide new and improved quarters to serve the Capital City of our State.

New Dimensions of Banking Service

Research on Customer Services

A department of our bank, Customer Services Research, is now concerned wholly with research and development of new income-producing services by using our electronic data processing experience and facilities.

A Bank of America Charge Account Plan is being tested in certain areas this year. Under this Plan, the bank issues to credit-worthy individuals an all-purpose credit card, called a BANKAMERICARD, for the purchase of goods or services, and which card is honored by any of the merchant members of the Plan. Once each month, customers receive a statement from the bank, combining all of their purchases made under the Plan.

Now being offered on a limited basis is a Customer Payroll Service. This service provides for the computation of an employer's payroll with taxes and deductions, furnishing employe earnings statements, accumulating and paying employment taxes, and preparation of payroll tax reports. Employes of the participating employers may be paid, if they desire, by an automatic deposit to their account at any of our branches.

We will continue our research studies to seek new and profitable areas of customer service.

ERMA to be Placed in Use

The various components of the first ERMA production system—capable of handling 110,000 checking accounts—are currently being assembled and tested at San Jose. A recent analysis of the distribution of our checking account volume, by geographical area, indi-

cates that ERMA units may ultimately serve over 450 Bank of America branches and handle all routine bookkeeping for more than 2,000,000 checking accounts.

Now being tested at four pilot branches are semi-automatic bookkeeping machines designed to permit branches in more remote locations to adapt electronic techniques to their accounting problems.

Electronic Data Processing Expanded

The Data Processing Center in San Francisco has now been in operation for over three years and its counterpart in Los Angeles a year and a half.

In 1958 the San Francisco operation was expanded to include Sacramento and intermediate points and

Harvesting the sea . . .

Bank of America is a leader in financing America's important fishing industry—from keeping the fleet at sea until the fish are found, to packing and marketing the catch throughout the nation.

Geared to industry . . .

With resources of more than eleven billion dollars, Bank of America is uniquely qualified to meet the banking requirements of industry. Through its statewide and worldwide system of branches, Bank of America also acts as a clearing house of business information for industrial planners.

serves 155 branches with a total of 350,000 real estate and *TIMEPLAN* loans. In Los Angeles, the same service is performed for 113 branches with a volume of 650,000 loans. In addition, 32,000 Systematic Investment Accounts are processed for the Corporate Trust Department and, for the Accounts Receivable Department, 47,000 Buyer and Seller Accounts.

Managers' Conferences

Attended by all our managers, a series of meetings were held throughout the state early in January of 1958, at which senior administrative officers reported on the over-all accomplishments of the previous year and the objectives for the year then beginning. Subsequently, special round-table conferences were developed, at which representative managers discussed in detail their problems and their suggestions for improving our operations and our internal relationships. Continued emphasis will be placed on this type of face-to-face contact and on giving effect to the principle that communication is a two-way street.

Personnel

Employe performance continues, as always, to be one of the most important factors determining the success of our operations. Through the devotion to duty of our staff, and their enthusiasm for their work, we have built our record of friendly and efficient service.

Our personnel policy continues to place its emphasis upon building a strong and experienced employe group and upon developing management strength. During the year, the employment market was substantially easier and enabled us to be more selective in our hiring and to substantially reduce our turnover. We were able to increase the depth of experience of our staff and thereby improve the effectiveness of our operations. As a result, our number of full-time employes, 24,124 at year-end, remained approximately the same as for the previous year, despite the fact that we had added new services and opened 21 additional branches.

Recognizing that trained employes become cumulatively more valuable, we emphasize staff training and development programs which continue to show good results. As the year ended, nearly 400 young men and women were engaged upon full-time training programs, and during the year itself, 234 trainees graduated into the regular assignments for which their training had fitted them. For our employes as a whole, we continued our special educational programs designed to increase their knowledge concerning our major services.

In response to requests from our employes, a plan was developed and placed into effect whereby they are able to purchase shares of our stock on the open market through monthly deposits. The plan is purely voluntary and it is gratifying to report that more than 4,400 employes are participating in it.

Shareholders

It is interesting to note that only 160 shareholders supplied the initial capital needed for our founding in 1904. At the end of this year, there were more than 200,000 shareholders. The manner in which the number of our shareholders has grown during the years is a concrete demonstration of their faith in the free enterprise system and in our role in that system.

The majority of the shareholders are individuals, varying widely as to age, geographic location throughout the world, occupation and economic circumstance. Almost 10,000 of our employes participate in the stock purchase program under our Family Estate Plan.

Our shares are also owned by a variety of institutional holders such as insurance companies, pension funds, savings banks, and similar institutional investors. Thus, the number of people having a beneficial interest in our affairs is substantially larger than the number of shareholders carried on our books.

Board of Directors and Advisory Council

Edgar F. Kaiser was elected a director November 18. President and director of Kaiser Industries Corporation, he is an internationally-known industrialist. Appointed a member of the Advisory Council to the Board on July 15, Forrest Frick is a well-known rancher and a leading figure in the Farm Cooperative movement.

It is with sorrow that we record the passing, during the year, of two directors who had given many years of service to our Board. They were Louis Ferrari and Edward Thurber.

Mr. Ferrari, who died on May 17, had been an executive of our bank and head of our Legal Department, retiring from that post in 1944. Mr. Thurber, a Vacaville rancher, had seen service on both our Advisory Council and our Board, and was a director at the time of his death on November 21.

As always, the members of our Board of Directors and of our Advisory Council have given freely of their time to our affairs. Their advice and counsel means much and we are deeply grateful to them.

Financing new frontiers . . .

Bank of America specialists are widely experienced in the growing industries of tomorrow—and are equipped to meet the complex banking needs of companies whose future products and services are still in the research and development stage.

Prospects for the Future

1959 should see the nation's economy continue to operate as impressively as it did in the late 1958 recovery period. Economic activity should show special strength in the first half of the new year as businessmen attempt to build up their inventories in order to keep pace with rising demand from all sectors of the economy. This recovery, together with such factors as the birth of the European common market and the move toward worldwide convertibility of currencies, should stimulate trade and production throughout the world.

One favorable element in the national outlook is the rise in industrial productivity, initiated by heavy 1955-57 expenditures on plants and equipment. This provides the brightest hope in recent years that prosperity can be maintained without inflation. Other favorable elements include the optimistic spirit of businessmen and consumers, bolstered both by the rapidity of the recovery and the high levels of income maintained throughout the recession. Further increases in the level of income augur for a strong recovery in the year ahead. California once again promises to maintain a more rapid growth rate than the nation as a whole.

In light of domestic and international developments, 1959 promises to be another rewarding year for Bank of America.

Board of Directors and Advisory Council

Harry S. Baker
Producers Cotton Oil Co.
Fresno, California

H. M. Bardt
Executive Vice-President
Bank of America N. T. & S. A.

S. Clark Beise
President
Bank of America N. T. & S. A.

Wheelock H. Bingham
R. H. Macy & Co., Inc.
New York, New York

Marsden S. Blois*
Miller & Lux Incorporated
San Francisco, California

Leon Bocqueraz
Merchants National Realty Corp.
San Francisco, California

W. J. Braunschweiger*
Executive Vice-President
Bank of America N. T. & S. A.

K. L. Carver*
Arden Farms Company
Los Angeles, California

Joseph A. Cereghino
Los Angeles, California

Austin T. Cushman
Sears, Roebuck & Co.
Los Angeles, California

F. M. Dana*
Vice-President–Operations
Bank of America N. T. & S. A.

Robert Di Giorgio
Di Giorgio Fruit Corp.
San Francisco, California

R. P. A. Everard*
Kentfield, California

Forrest Frick*
Rancher
Bakersfield, California

F. A. Ferroggiaro
Director, Georgia-Pacific Corporation
Portland, Oregon

Alfred J. Gock
Consolidated Freightways, Inc.
Menlo Park, California

John S. Griffith
John S. Griffith–Properties
Buena Park, California

Marshal Hale, Jr.
Hale Bros. Realty Co.
San Francisco, California

Prentis C. Hale
Broadway-Hale Stores, Inc.
San Francisco, California

Mrs. Claire Giannini Hoffman
San Mateo, California

Robert E. Hunter*
Property Management
Santa Barbara, California

Eric A. Johnston
Motion Picture Association of America, Inc.
Washington, D. C.

Edgar F. Kaiser
Kaiser Industries Corp.
Oakland, California

Louis B. Lundborg*
Vice-President
Bank of America N. T. & S. A.

Harry A. Mazzera
Mazzera, Snyder & De Martini
Stockton, California

Lloyd Mazzera*
Executive Vice-President
Bank of America N. T. & S. A.

Garret McEnerney II
McEnerney & Jacobs
San Francisco, California

Wm. Wallace Mein
Calaveras Cement Co.
San Francisco, California

Frank C. Mitchell*
San Jose, California

Charles M. Paganini*
Security Lithograph Co.
San Francisco, California

Neil Petree
Barker Bros. Corporation
Los Angeles, California

Louis A. Petri
United Vintners Inc.
San Francisco, California

Roland Pierotti*
Assistant to the President
Bank of America N. T. & S. A.

Charles H. Quinn*
Director, Electrical Products Corp.
Los Angeles, California

Frank F. Risso*
San Mateo, California

J. H. Rosenberg*
Lehman Brothers (New York City)
Los Angeles, California

A. E. Sbarboro
Pacific National Fire Insurance Co.
San Francisco, California

Russell G. Smith*
Executive Vice-President
Bank of America N. T. & S. A.

Samuel B. Stewart*
Vice-President and General Counsel
Bank of America N. T. & S. A.

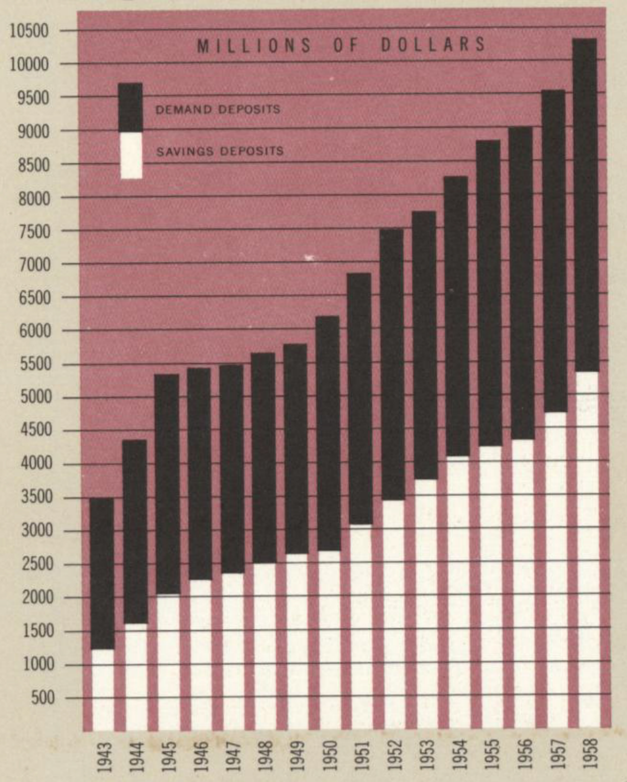
Jesse W. Tapp
Chairman of the Board
Bank of America N. T. & S. A.

Roland Tognazzini
Union Sugar Company
San Francisco, California

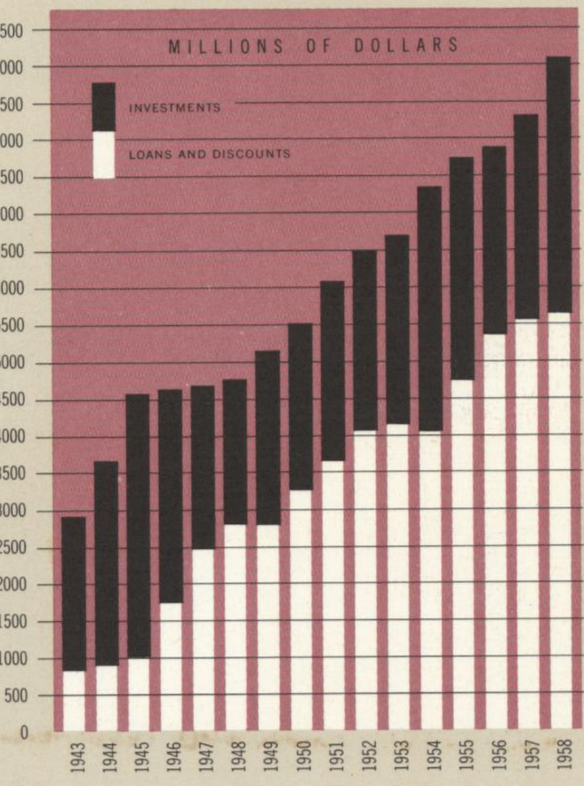
Carl F. Wente
San Francisco, California

**Advisory Council Member*

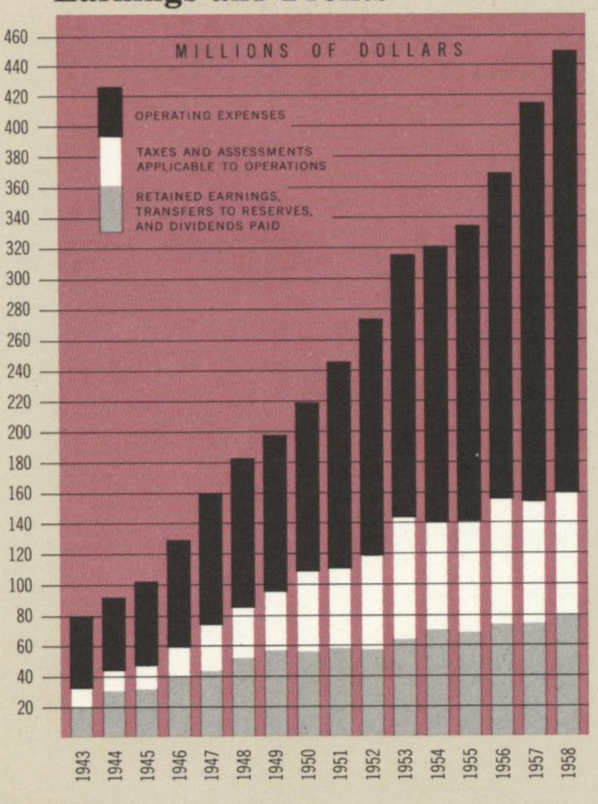
Deposits



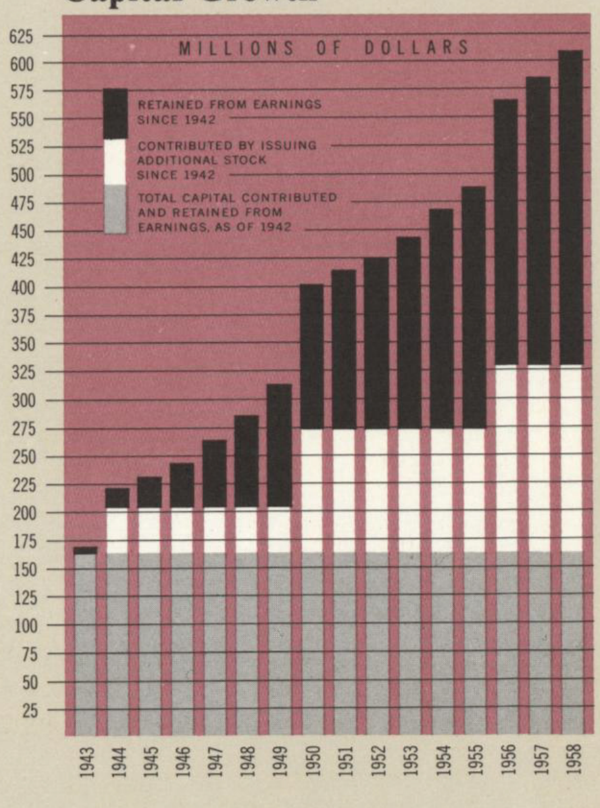
Loans and Investments



Earnings and Profits



Capital Growth



54 Years of Growth of Bank of America NT&SA

Dec. 31	Total Deposits	Capital	Surplus and Undivided Profits	Loans and Discounts	Investments in Securities	Total Resources	Number of Deposit Accounts	Number of Banking Offices in California
1904	$ 134,413	$ 150,000	$ 1,024	$ 178,400	$ 34,446	$ 285,437	(1)	1
1905	703,024	300,000	10,000	883,522	24,505	1,021,291	(1)	1
1906	1,348,723	500,000	31,565	1,471,123	81,571	1,899,947	(1)	1
1907	1,660,324	500,000	46,945	1,678,222	(1)	2,221,347	(1)	2
1908	1,728,899	750,000	78,673	1,669,567	57,884	2,574,005	(1)	2
1909	2,929,495	750,000	90,820	2,445,137	266,628	3,817,218	(1)	3
1910	5,348,151	1,000,000	150,000	4,159,459	858,547	6,539,861	(1)	3
1911	7,129,456	1,000,000	201,649	4,885,974	1,638,000	8,379,347	(1)	3
1912	9,916,018	1,000,000	251,437	7,092,823	1,846,769	11,228,815	(1)	4
1913	14,226,242	1,250,000	330,390	10,282,785	2,406,706	15,882,912	42,378	7
1914	16,272,563	1,250,000	350,217	11,457,790	2,677,718	18,030,402	50,253	7
1915	20,474,873	1,250,000	374,244	12,970,068	5,084,363	22,321,861	58,854	7
1916	36,804,776	2,000,000	691,452	23,682,894	7,527,408	39,805,995	90,683	12
1917	72,044,729	3,000,000	1,100,000	47,004,189	13,308,177	77,473,153	141,298	19
1918	85,937,839	5,000,000	2,000,000	59,869,035	14,538,649	93,546,162	161,626	24
1919	127,258,626	6,000,000	2,500,000	74,737,335	33,855,881	137,900,700	189,511	24
1920	140,993,545	9,000,000	3,913,240	95,127,616	37,199,447	157,464,685	221,788	24
1921	177,867,611	10,000,000	5,036,948	116,911,735	43,499,682	194,179,450	291,994	41
1922	229,751,526	15,000,000	7,529,844	152,989,286	59,090,529	254,282,290	401,798	61
1923	276,548,879	15,000,000	8,616,832	200,505,931	56,543,859	301,963,478	485,136	75
1924	328,963,919	17,500,000	10,561,578	204,472,438	96,489,255	358,656,302	548,265	87
1925	389,433,241	17,500,000	13,474,173	228,793,066	121,678,890	422,838,587	595,032	98
1926	416,656,511	20,000,000	16,928,035	255,557,233	129,630,279	460,981,773	616,313	98
1927	645,002,138	37,500,000	25,540,829	403,864,139	238,856,707	765,188,977	1,083,303	289
1928	698,435,841	50,000,000	55,756,632	410,276,641	272,884,061	847,910,539	1,139,076	290
1929	893,892,733	50,000,000	58,251,159	541,617,718	246,538,740	1,055,113,373	1,444,090	292
1930	998,039,477	50,000,000	54,136,374	669,258,341	249,139,543	1,161,895,889	1,625,381	353
1931	749,796,772	50,000,000	54,290,312	548,431,954	237,965,856	925,150,152	1,542,783	346
1932	700,447,811	50,000,000	49,890,774	480,675,374	262,952,550	876,309,347	1,380,550	345
1933	767,817,646	50,000,000	49,591,605	458,693,566	311,084,996	941,001,838	1,357,224	345
1934	978,332,802	50,000,000	47,164,341	461,645,975	477,989,657	1,142,323,319	1,547,604	413
1935	1,155,265,465	50,000,000	50,867,307	451,009,354	622,694,559	1,277,419,381	1,677,558	421
1936	1,298,976,759	50,000,000	55,024,112	532,076,966	625,809,982	1,430,337,201	1,911,035	466
1937	1,357,378,756	50,000,000	59,104,964	630,668,811	553,131,379	1,493,373,095	2,123,057	491
1938	1,437,027,491	50,000,000	64,058,600	673,828,309	557,632,428	1,574,721,670	2,182,298	494
1939	1,482,791,676	50,000,000	66,845,842	711,054,697	604,268,671	1,628,586,278	2,268,843	495
1940	1,632,228,397	62,000,000 (2)	82,278,753	778,295,101	668,676,296	1,817,535,186	2,384,551	495
1941	1,908,383,921	60,800,000 (2)	83,634,808	914,569,553	693,113,910	2,095,635,619	2,538,783	495
1942	2,586,140,699	59,215,920 (2)	83,151,214	840,469,960	1,265,749,444	2,771,689,632	2,512,805	487
1943	3,498,153,210	58,102,920 (2)	87,051,168	810,660,642	2,095,432,722	3,697,912,675	2,743,231	488 (3)
1944	4,350,539,688	68,085,560 (2)	140,779,201	894,436,931	2,740,064,364	4,609,124,133	3,054,803	491 (3)
1945	5,339,307,098	108,085,560 (2)	117,155,495	1,018,741,456	3,533,172,278	5,626,063,927	3,316,494	493 (3)
1946	5,415,849,715	106,646,375	130,235,547	1,722,743,513	2,882,151,377	5,765,525,193	3,619,925	500 (3)
1947	5,467,199,162	106,646,375	150,525,936	2,492,979,739	2,170,721,906	5,845,817,669	3,815,802	508 (3)
1948	5,639,523,419	106,646,375	172,872,255	2,807,070,398	1,945,231,719	6,072,913,872	3,978,403	517 (3)
1949	5,775,110,029	127,975,650	177,868,961	2,804,522,646	2,322,505,622	6,250,402,352	4,120,523	525 (3)
1950	6,191,705,871	150,000,000	244,822,146	3,256,953,558	2,243,415,017	6,863,358,214	4,374,838	526 (3)
1951	6,815,866,795	150,000,000	257,218,390	3,632,685,350	2,439,510,645	7,531,296,927	4,832,147	529 (3)
1952	7,485,116,184	150,000,000	269,076,801	4,069,150,471	2,413,852,775	8,201,689,369	5,276,315	538 (3)
1953	7,744,200,096	150,000,000	286,267,820	4,148,713,734	2,531,605,621	8,501,761,722	5,581,697	543 (3)
1954	8,270,534,751	150,000,000	311,140,888	4,043,312,145	3,271,392,367	9,163,355,289	5,818,851	548 (3)
1955	8,802,506,128	150,000,000	330,080,550	4,727,961,473	2,984,567,789	9,669,145,972	6,191,571	574 (3)
1956	8,993,240,999	160,000,000	397,028,049	5,353,035,991	2,518,301,682	9,991,842,012	6,618,719	603 (3)
1957	9,524,116,723	160,000,000	416,970,724	5,554,784,021	2,742,530,348	10,639,149,591	6,916,240	617 (3)
1958	10,307,560,993	160,000,000	441,453,351	5,661,888,351	3,417,539,858	11,290,852,752 (4)	7,175,000 (P)	638 (3)

(P) Preliminary.

(1) Not available.

(2) Includes Preferred Stock but does not include Reserve for Increase of Common Capital, which amounted to $1,200,000 in 1941, $2,784,080 in 1942, $3,897,080 in 1943, and $3,914,440 in 1944. This Reserve was not needed and was transferred to Undivided Profits on June 15, 1945, concurrently with the payment of a 66⅔% stock dividend. During 1946, 400,327 shares of Preferred Stock ($8,006,540 par value) were converted into 531,710 shares of Common Stock ($6,646,375 par value), and the difference in par value, $1,360,165, was credited to Surplus Account. The remaining shares of Preferred Stock, 3,951, were retired by call July 31, 1946.

(3) In addition, the bank was operating in California 31 "Military Facilities" at December 31, 1943; 42 at December 30, 1944; 39 at December 31, 1945; 15 at December 31, 1946; 12 at December 31, 1947 and 1948; 17 at December 31, 1949; 21 at December 30, 1950; 25 at December 31, 1951; 31 at December 31, 1952; 30 at December 31, 1953 and 1954; 31 at December 31, 1955 and 1956; 32 at December 31, 1957; and 31 at December 31, 1958.

(4) Total Resources, as of December 31, 1958, do not include outstanding letter of credit balances.

BANK OF AMERICA
WORLDWIDE SCOPE — STATEWIDE SERVICE
U.S.S. PORTSMOUTH 1846
CALIFORNIA
NATIONAL TRUST & SAVINGS ASSOCIATION